
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

 X **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

July 3, 2004

OR

 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-11917

THE DAVEY TREE EXPERT COMPANY

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

34-0176110

(I.R.S. Employer Identification Number)

1500 North Mantua Street

P.O. Box 5193

Kent, Ohio 44240

(Address of principal executive offices) (Zip code)

(330) 673-9511

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, \$1.00 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes X No

There were 7,759,079 Common Shares outstanding as of August 6, 2004.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
July 3, 2004

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THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except per share amounts)

	<u>July 3, 2004</u>	<u>December 31, 2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 930	\$ 211
Accounts receivable, net	77,449	53,773
Operating supplies	3,715	3,396
Other current assets	<u>8,515</u>	<u>11,017</u>
Total current assets	90,609	68,397
Property and equipment	255,212	238,636
Less accumulated depreciation	<u>178,174</u>	<u>171,883</u>
	77,038	66,753
Other assets	11,880	24,164
Identified intangible assets and goodwill, net	<u>8,037</u>	<u>7,523</u>
	<u>\$ 187,564</u>	<u>\$ 166,837</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 17,459	\$ 16,727
Accrued expenses	18,391	18,408
Other current liabilities	<u>12,928</u>	<u>13,054</u>
Total current liabilities	48,778	48,189
Long-term debt	43,000	30,178
Self-insurance accruals	21,210	16,947
Other noncurrent liabilities	<u>9,620</u>	<u>9,376</u>
	122,608	104,690
Common shareholders' equity:		
Common shares, \$1.00 par value, per share; 24,000 shares authorized; 10,728 shares issued	10,728	10,728
Additional paid-in capital	6,283	6,528
Common shares subscribed, unissued	9,659	9,720
Retained earnings	93,233	89,158
Accumulated other comprehensive income (loss)	(271)	(146)
Performance restricted-stock units	<u>110</u>	<u>-</u>
	119,742	115,988
Less: Cost of common shares in treasury; 3,008 shares at July 3 and 2,924 shares at December 31	47,769	46,516
Common share subscription receivable	<u>7,017</u>	<u>7,325</u>
	<u>64,956</u>	<u>62,147</u>
	<u>\$ 187,564</u>	<u>\$ 166,837</u>

See notes to condensed consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	July 3, 2004	June 28, 2003	July 3, 2004	June 28, 2003
Revenues	\$ 112,259	\$ 93,348	\$ 191,744	\$ 161,442
Costs and expenses:				
Operating	72,640	58,733	126,516	106,959
Selling	16,735	14,119	31,032	26,089
General and administrative	6,922	6,159	14,816	13,009
Depreciation and amortization	<u>5,427</u>	<u>5,013</u>	<u>10,634</u>	<u>10,017</u>
	<u>101,724</u>	<u>84,024</u>	<u>182,998</u>	<u>156,074</u>
Income from operations	10,535	9,324	8,746	5,368
Other income (expense):				
Interest expense	(481)	(526)	(931)	(1,231)
Interest income	217	233	1,830	325
Other, net	<u>(382)</u>	<u>(2)</u>	<u>(855)</u>	<u>(240)</u>
Income before income taxes	9,889	9,029	8,790	4,222
Income taxes	<u>4,055</u>	<u>3,567</u>	<u>3,604</u>	<u>1,668</u>
Net income	<u>\$ 5,834</u>	<u>\$ 5,462</u>	<u>\$ 5,186</u>	<u>\$ 2,554</u>
Net income per share:				
Basic	<u>\$.73</u>	<u>\$.69</u>	<u>\$.63</u>	<u>\$.32</u>
Diluted:	<u>\$.71</u>	<u>\$.67</u>	<u>\$.61</u>	<u>\$.30</u>
Weighted average shares used in per share computations:				
Basic	<u>7,983</u>	<u>7,877</u>	<u>8,184</u>	<u>8,077</u>
Diluted	<u>8,245</u>	<u>8,202</u>	<u>8,444</u>	<u>8,412</u>
Dividends declared per share	<u>\$.065</u>	<u>\$.060</u>	<u>\$.13</u>	<u>\$.12</u>

See notes to condensed consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Six Months Ended	
	July 3, 2004	June 28, 2003
Operating activities		
Net income	\$ 5,186	\$ 2,554
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,634	10,017
Other	<u>(406)</u>	<u>521</u>
	15,414	13,092
Changes in operating assets and liabilities:		
Accounts receivable	(23,676)	(8,301)
Operating liabilities	5,028	808
Other	<u>15,269</u>	<u>(369)</u>
	<u>(3,379)</u>	<u>(7,862)</u>
Net cash provided by operating activities	12,035	5,230
Investing activities		
Capital expenditures, equipment	(18,937)	(11,326)
Other	<u>(1,022)</u>	<u>84</u>
Net cash used in investing activities	(19,959)	(11,242)
Financing activities		
Revolving credit facility proceeds, net	12,525	8,300
Purchase of common shares for treasury	(3,376)	(3,254)
Sale of common shares from treasury	2,125	1,835
Dividends	(1,111)	(1,016)
Other	<u>(1,520)</u>	<u>(128)</u>
Net cash provided by financing activities	8,643	5,737
Increase (decrease) in cash and cash equivalents	719	(275)
Cash and cash equivalents, beginning of period	<u>211</u>	<u>591</u>
Cash and cash equivalents, end of period	<u>\$ 930</u>	<u>\$ 316</u>
Supplemental cash flow information follows:		
Interest paid	\$ 954	\$ 1,211
Income taxes paid	4,233	3,361
Noncash transactions:		
Debt issued for purchases of businesses	1,138	219
Detail of acquisitions:		
Assets acquired:		
Equipment	\$ 372	\$ 103
Intangibles	1,203	377
Debt issued for purchases of businesses	<u>1,138</u>	<u>219</u>
Cash paid	<u>\$ 437</u>	<u>\$ 261</u>

See notes to condensed consolidated financial statements.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

A. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and with the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

Certain information and disclosures required by GAAP for complete financial statements have been omitted in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2003.

Accounting Estimates--The consolidated financial statements and notes prepared in accordance with accounting principles generally accepted in the United States include estimates and assumptions made by management that affect reported amounts. Actual results could differ from those estimates.

Stock-Based Compensation--The Company accounts for stock-based compensation using the intrinsic-value method. Under the intrinsic value method, no compensation cost is recognized if the exercise price of the stock option is equal to the market value of the shares at the date of grant. For the Company's Performance Restricted-Stock Unit awards, compensation cost is recognized over the requisite vesting periods based on the fair market value on the date of grant.

The Davey Tree Expert Company 2004 Omnibus Stock Plan was approved by the Company's shareholders at its annual shareholders' meeting in May 2004. The Plan is administered by the Compensation Committee of the Board of Directors, with the maximum number of common shares that may be granted to or purchased by all employees and directors under this Plan being 5,000,000. In addition to the maintenance of the Employee Stock Purchase Plan, the Plan provides for the grant of stock options, restricted stock, stock appreciation rights, stock purchase rights, stock equivalent units, cash awards, and other stock or performance-based incentives. These awards are payable in cash or common shares, or any combination thereof, as established by the Committee.

Performance Restricted-Stock Units--During May 2004, the Committee awarded 44,151 Performance Restricted-Stock Units to certain key employees, of which 27,643 units have a four year vesting period and 16,508 units have a five year vesting period.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

A. Basis of Financial Statement Preparation (continued)

The following table summarizes the impact on net income and net income per share had the Company used the fair value method of accounting for stock-based compensation, the alternative policy in FAS No. 123, "Accounting for Stock-Based Compensation."

	Three Months Ended		Six Months Ended	
	July 3, 2004	June 28, 2003	July 3, 2004	June 28, 2003
Net income as reported	\$ 5,834	\$ 5,462	\$ 5,186	\$ 2,554
Add stock-based compensation, included in net income as reported, net of related tax effect	65	-	65	-
Deduct stock-based compensation, determined under fair value	<u>82</u>	<u>3</u>	<u>98</u>	<u>3</u>
Pro forma net income, FAS 123 adjusted	<u>\$ 5,817</u>	<u>\$ 5,459</u>	<u>\$ 5,153</u>	<u>\$ 2,551</u>
Net income per share--basic				
As reported	\$.73	\$.69	\$.63	\$.32
Pro forma, FAS 123 adjusted	\$.73	\$.69	\$.63	\$.32
Net income per share--diluted				
As reported	\$.71	\$.67	\$.61	\$.30
Pro forma, FAS 123 adjusted	\$.71	\$.67	\$.61	\$.30

B. Seasonality of Business

Operating results for the six months ended July 3, 2004 are not indicative of results that may be expected for the year ending December 31, 2004 because of business seasonality. Business seasonality results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while the methods of accounting for fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

C. Accounts Receivable and Collection of Receivable from Pacific Gas & Electric

Accounts receivable, net, consisted of the following:

	<u>July 3, 2004</u>	<u>December 31, 2003</u>
Accounts receivable	\$ 63,912	\$ 62,986
Receivables under contractual arrangements	<u>15,112</u>	<u>4,458</u>
	79,024	67,444
Less prepetition accounts receivable from PG&E classified as noncurrent other assets	<u>-</u>	<u>11,931</u>
	79,024	55,513
Less allowances for doubtful accounts	<u>1,575</u>	<u>1,740</u>
Accounts receivable, net	<u>\$ 77,449</u>	<u>\$ 53,773</u>

Receivables under contractual arrangements consist of work-in-process in accordance with the terms of contracts, primarily with utility services customers.

Pacific Gas & Electric ("PG&E") voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code on April 6, 2001. On June 19, 2003, it was announced that Pacific Gas & Electric Corporation ("PG&E Corporation," the parent company of PG&E), the staff of the California Public Utilities Commission ("CPUC"), and PG&E entered into a settlement agreement. Subsequently, PG&E Corporation, PG&E, and the Official Committee of Unsecured Creditors ("OCC"), as co-proponents, filed the settlement agreement with the bankruptcy court. In December 2003, the CPUC approved the settlement agreement and the bankruptcy court confirmed the plan of reorganization.

PG&E is one of the Company's largest utility customers. Subsequent to the bankruptcy petition date, April 6, 2001, the Company continued to provide services under the terms of its contracts with PG&E. The Company continues to perform services for PG&E and receives payment for post-petition date services performed.

On April 12, 2004, PG&E announced that its plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code became effective and that the holders of record of allowed claims would be paid. Davey Tree was a holder of allowed claims related to prepetition accounts receivable that arose prior to the filing date of PG&E's voluntary bankruptcy petition on April 6, 2001. On April 13, 2004, the Company received payment of \$13,326 from PG&E in settlement of allowed claims related to prepetition accounts receivable.

For the period from the bankruptcy petition date, April 6, 2001, to the date of payment, interest was payable on the prepetition accounts receivable. Interest received through April 13, 2004 totaled \$1,692 (with \$297 received in year-to-date 2004; \$559 in 2003, and \$836 in 2002).

As periodic interest payments were received by the Company, the carrying amount of the prepetition accounts receivable was reduced from the initial April 6, 2001 balance of \$13,326. The carrying amount of the prepetition accounts receivable was \$11,931 as of December 31, 2003.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

C. Accounts Receivable and Collection of Receivable from Pacific Gas & Electric (continued)

In receiving the \$13,326 payment on April 13, 2004, the amount of the prepetition accounts receivable was restored to the initial balance of \$13,326 by recognizing \$1,536 of interest income, reported in the results of operations for the first quarter and \$156 reported in the results of operations for the second quarter 2004.

The \$13,326 payment was used to reduce borrowings outstanding under the Company's revolving credit facility in the second quarter of 2004.

D. Pension Plans

Substantially all of the Company's domestic employees are covered by two noncontributory defined benefit pension plans.

During May 2004, the Company adopted a Supplemental Executive Retirement Plan ("SERP") and a Benefits Restoration Pension Plan ("Restoration Plan") for certain key employees. Both the SERP and the Restoration Plan are defined benefit plans under which nonqualified supplemental pension benefits will be paid in addition to amounts received under the Company's qualified retirement defined benefit pension plans, which is subject to Internal Revenue Service limitations on covered compensation.

The results of operations included the following net periodic benefit cost recognized related to the defined benefit pension plans.

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 3,</u>	<u>June 28,</u>	<u>July 3,</u>	<u>June 28,</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Components of net pension cost of defined benefit plan				
Service costs--increase in benefit obligation earned	\$ 284	\$ 219	\$ 552	\$ 437
Interest cost on projected benefit obligation	347	296	665	592
Expected return on plan assets	(493)	(442)	(986)	(884)
Recognized net actuarial loss	67	85	134	169
Amortization of prior service cost	144	1	145	2
Amortization of transition asset	(18)	(18)	(36)	(36)
Net pension cost of defined benefit pension plans	<u>\$ 331</u>	<u>\$ 141</u>	<u>\$ 474</u>	<u>\$ 280</u>

The Company expects, as of July 3, 2004, that it will not be necessary to make contributions to the defined-benefit pension plans in 2004.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

E. Long-Term Debt

Long-term debt consisted of the following:

	<u>July 3, 2004</u>	<u>December 31, 2003</u>
Revolving credit facility		
Prime rate borrowings	\$ 20,800	\$ 3,300
LIBOR borrowings	<u>21,025</u>	<u>26,000</u>
	41,825	29,300
Subordinated notes, share redemptions	-	-
Term loans	<u>2,209</u>	<u>2,403</u>
	44,034	31,703
Less current portion	<u>1,034</u>	<u>1,525</u>
	<u>\$ 43,000</u>	<u>\$ 30,178</u>

Revolving Credit Facility--The Company has a \$90,000 three-year revolving credit facility with a group of banks, which will expire in November 2005 and permits borrowings, as defined, up to \$90,000 with a letter of credit sublimit of \$40,000 (amended in January 2004 to \$40,000 from a previous \$30,000 letter of credit sublimit). The revolving credit facility contains certain affirmative and negative covenants customary for this type of facility and includes financial covenant ratios, as defined, with respect to interest coverage, funded debt to EBITDA (earnings before interest, taxes, depreciation and amortization), and funded debt to capitalization.

As of July 3, 2004, the Company had unused commitments under the facility approximating \$15,369, with \$74,631 committed, consisting of borrowings of \$41,825 and issued letters of credit of \$32,806. Borrowings outstanding bear interest, at the Company's option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from 1.0% to 2.0%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .20% to .45% is also required based on the average daily unborrowed commitment.

The Company uses interest rate swaps to effectively convert a portion of variable-rate revolving credit borrowings to a fixed rate, thus reducing the impact of interest-rate changes on future interest expense. As of July 3, 2004, the Company had an interest rate swap outstanding, with an underlying notional amount totaling \$15,000, requiring interest to be paid at 4.14% and maturing in November 2005. The fair value of the swap is the amount quoted by the financial institution that the Company would pay to terminate the agreements, a liability of \$98 at July 3, 2004.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

F. Comprehensive Income (Loss)

The components of comprehensive income (loss) follow:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 3, 2004</u>	<u>June 28, 2003</u>	<u>July 3, 2004</u>	<u>June 28, 2003</u>
Comprehensive Income (Loss)				
Net income	\$ 5,834	\$ 5,462	\$ 5,186	\$ 2,554
Other comprehensive income (loss)				
Foreign currency translation adjustments	(170)	380	(225)	529
Derivative instruments:				
Change in fair value of interest rate swap	<u>247</u>	<u>(142)</u>	<u>161</u>	<u>(112)</u>
Other comprehensive income (loss), before income taxes	77	238	(64)	417
Income tax benefit (expense), related to items of other comprehensive income	<u>(94)</u>	<u>54</u>	<u>(61)</u>	<u>43</u>
Other comprehensive income	<u>(17)</u>	<u>292</u>	<u>(125)</u>	<u>460</u>
Comprehensive income	<u>\$ 5,817</u>	<u>\$ 5,754</u>	<u>\$ 5,061</u>	<u>\$ 3,014</u>

G. Net Income (Loss) Per Share and Common Shares Outstanding

Net income (loss) per share is computed as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 3, 2004</u>	<u>June 28, 2003</u>	<u>July 3, 2004</u>	<u>June 28, 2003</u>
Income available to common shareholders:				
Net income	<u>\$ 5,834</u>	<u>\$ 5,462</u>	<u>\$ 5,186</u>	<u>\$ 2,554</u>
Weighted average shares:				
Basic:				
Outstanding	7,782,829	7,674,750	7,782,829	7,674,750
Partially-paid share subscriptions	<u>200,670</u>	<u>202,063</u>	<u>401,341</u>	<u>401,905</u>
Basic weighted average shares	<u>7,983,499</u>	<u>7,876,813</u>	<u>8,184,170</u>	<u>8,076,655</u>
Diluted:				
Basic from above	7,983,499	7,876,813	8,184,170	8,076,655
Incremental shares from assumed:				
Exercise of stock subscription purchase rights	45,800	12,391	45,888	12,450
Exercise of stock options	210,464	312,364	212,734	323,320
Conversion of performance restricted-stock units	<u>5,029</u>	<u>-</u>	<u>1,676</u>	<u>-</u>
Diluted weighted average shares	<u>8,244,792</u>	<u>8,201,568</u>	<u>8,444,468</u>	<u>8,412,425</u>
Net income per share:				
Basic	<u>\$.73</u>	<u>\$.69</u>	<u>\$.63</u>	<u>\$.32</u>
Diluted	<u>\$.71</u>	<u>\$.67</u>	<u>\$.61</u>	<u>\$.30</u>

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

G. Net Income (Loss) Per Share and Common Shares Outstanding (continued)

Common Shares Outstanding--A summary of the activity of the common shares outstanding for the six months ended July 3, 2004 follows:

Shares outstanding at December 31, 2003	7,804,205
Shares purchased	(216,855)
Shares sold to employees	102,842
Options exercised	<u>30,746</u>
	<u>(83,267)</u>
Shares outstanding at July 3, 2004	<u>7,720,938</u>

On July 3, 2004, the Company had 7,720,938 common shares outstanding, options exercisable to purchase 484,124 common shares, partially-paid subscriptions for 804,887 common shares and purchase rights outstanding for 256,065 common shares.

The partially-paid subscriptions relate to common shares purchased at \$12.00 per share, in connection with the stock subscription offering completed in August 2002, whereby some employees opted to finance their subscription with a down-payment of at least 10% of their total purchase price and a seven-year promissory note for the balance due, with interest at 4.75%. Promissory note payments, of both principal and interest, are made either by payroll deduction or annual lump-sum payment. The promissory notes are collateralized with the common shares subscribed and the common shares are only issued when the related promissory note is paid-in-full. Dividends are paid on all unissued subscribed shares.

The purchase rights outstanding were granted to purchase one additional common share at the price of \$12.00 per share for every two common shares purchased in connection with the stock subscription offering completed in August 2002. Each right may be exercised at the rate of one-seventh per year and will expire seven years after the date that the right was granted. Employees may not exercise a right should they cease to be employed by the Company.

H. Segment Information

The Company's operating results are reported in two segments: Residential and Commercial Services and Utility Services for operations in the United States. Residential and Commercial Services provides for the treatment, preservation, maintenance, cultivation, planting and removal of trees, shrubs and other plant life; its services also include the practice of landscaping, tree surgery, tree feeding and tree spraying, as well as the application of fertilizer, herbicides and insecticides. Utility Services is principally engaged in the practice of line clearing for public utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control.

The Company also has two nonreportable segments: Canadian operations, which provides a comprehensive range of Davey horticultural services, and Davey Resource Group, which provides services related to natural resource management and consulting, forestry research and development, and environmental planning and also maintains research, technical support and laboratory diagnostic facilities. Canadian operations and Davey Resource Group are presented below as "All Other."

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2004

(Amounts in thousands, except share data)

H. Segment Information (continued)

Measurement of Segment Profit and Loss and Segment Assets--The Company evaluates performance and allocates resources based primarily on operating income and also actively manages business unit operating assets.

Segment information reconciled to consolidated external reporting information follows:

	<u>Utility Services</u>	<u>Residential Commercial Services</u>	<u>All Other</u>	<u>Reconciling Adjustments</u>	<u>Consolidated</u>
Three Months Ended July 3, 2004					
Revenues	\$ 41,702	\$ 59,002	\$ 11,555	\$ -	\$ 112,259
Income (loss) from operations	<u>2,154</u>	<u>6,967</u>	<u>1,621</u>	(207) (a)	10,535
Interest expense				481	481
Interest income				217	217
Other income (expense), net				<u>(382)</u>	<u>(382)</u>
Income before income taxes					<u>\$ 9,889</u>
Three Months Ended June 28, 2003					
Revenues	\$ 34,212	\$ 49,550	\$ 9,586	\$ -	\$ 93,348
Income (loss) from operations	<u>76</u>	<u>8,077</u>	<u>1,483</u>	(312) (a)	9,324
Interest expense				526	526
Interest income				233	233
Other income (expense), net				<u>(2)</u>	<u>(2)</u>
Income before income taxes					<u>\$ 9,029</u>
Six Months Ended July 3, 2004					
Revenues	\$ 81,001	\$ 90,717	\$ 20,026	\$ -	\$ 191,744
Income (loss) from operations	<u>3,818</u>	<u>4,771</u>	<u>1,574</u>	(1,417) (a)	8,746
Interest expense				931	931
Interest income				1,830	1,830
Other income (expense), net				<u>(855)</u>	<u>(855)</u>
Income before income taxes					<u>\$ 8,790</u>
Six Months Ended June 28, 2003					
Revenues	\$ 67,635	\$ 78,096	\$ 15,711	\$ -	\$ 161,442
Income (loss) from operations	<u>201</u>	<u>5,527</u>	<u>1,200</u>	(1,560) (a)	5,368
Interest expense				1,231	1,231
Interest income				325	325
Other income (expense), net				<u>(240)</u>	<u>(240)</u>
Income before income taxes					<u>\$ 4,222</u>

(a) Reconciling adjustments from segment reporting to consolidated external financial reporting include unallocated corporate items related to the reclassification of depreciation expense and allocation of corporate expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Amounts in thousands, except share data)

We provide a wide range of horticultural services to residential, commercial, utility and institutional customers throughout the United States and Canada.

Our operating results are reported in two segments: Residential and Commercial Services and Utility Services for operations in the United States. Residential and Commercial Services provides for the treatment, preservation, maintenance, cultivation, planting and removal of trees, shrubs and other plant life; its services also include the practice of landscaping, tree surgery, tree feeding and tree spraying, as well as the application of fertilizer, herbicides and insecticides. Utility Services is principally engaged in the practice of line clearing for public utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control.

We also have two nonreportable segments: Canadian operations, which provides a comprehensive range of Davey horticultural services, and Davey Resource Group, which provides services related to natural resource management and consulting, forestry research and development, and environmental planning. In addition, the Davey Resource Group also maintains research, technical support and laboratory diagnostic facilities.

RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations as a percentage of revenues.

	Three Months Ended		Six Months Ended	
	July 3, 2004	June 28, 2003	July 3, 2004	June 28, 2003
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Costs and expenses:				
Operating	64.7	62.9	66.0	66.2
Selling	14.9	15.1	16.2	16.2
General and administrative	6.2	6.6	7.7	8.1
Depreciation and amortization	<u>4.8</u>	<u>5.4</u>	<u>5.5</u>	<u>6.2</u>
Income from operations	9.4	10.0	4.6	3.3
Other income (expense):				
Interest expense	(.4)	(.5)	(.5)	(.8)
Interest income	.2	.2	1.0	.2
Other, net	<u>(.4)</u>	<u>(.0)</u>	<u>(.5)</u>	<u>(.1)</u>
Income before income taxes	8.8	9.7	4.6	2.6
Income taxes	<u>3.6</u>	<u>3.8</u>	<u>1.9</u>	<u>1.0</u>
Net income	<u>5.2%</u>	<u>5.9%</u>	<u>2.7%</u>	<u>1.6%</u>

Overview

Revenues of \$191,744 for the first six months of 2004 were 18.8% higher than the first six months of 2003 of \$161,442. All operating segments experienced revenue increases from the same period last year. Utility Services revenues increased 19.8% while Residential and Commercial Services were up 16.2%. All other revenues, comprised of the Canadian operations and Davey Resource Group, were up 27.0%.

Overall, income from operations of \$8,746 increased \$3,378 or 62.9% from the \$5,368 experienced in 2003. Utility Services and our Canadian operations contributed to the improvements, a reflection of the continued demand for services.

Net income of \$5,186 was \$2,632 greater than the \$2,554 experienced in the first six months of 2003. The increase in net income was favorably impacted by higher revenues and income from operations, a decrease in interest expense, the result of lower interest rates and lower average debt levels, and by the recognition of \$1,692 of interest income in connection with the collection of the prepetition accounts receivable from Pacific Gas & Electric.

Results of Operations--Three Months Ended July 3, 2004 Compared to Three Months Ended June 28, 2003.

Revenues--Revenues of \$112,259 increased \$18,911 from the \$93,348 earned in 2003. Residential and Commercial services increased \$9,452 or 19.1% over the same period last year, the result of an additional long-term contract obtained within the state of New York related to the Asian Longhorned Beetle (ALB). Utility Services increased \$7,490 or 21.9% from the prior year. Contract pricing adjustments, new contracts and increased productivity, within our eastern and western utility operations accounted for the increase. Canadian operations increased \$1,683 or 28.7% from the \$5,866 earned in 2003. New contracts and increases in existing contracts from 2003 as well as improved economic conditions and favorable weather account for the increase generally in all operations.

Operating Expenses--Operating expenses of \$72,640 increased \$13,907 from the second quarter of 2003 and as a percentage of revenues increased 1.8% to 64.7%. Residential and Commercial services increased \$8,731 or 33.1% primarily for labor and materials associated with the addition of the Asian Longhorned Beetle contract within the state of New York. Utility Services increased \$4,433 or 16.4% from the second quarter of 2003. Additional costs for labor and equipment associated with the new contracts obtained within our eastern utility operations as well as additional costs related to the increased revenues within our western utility operations gave rise to the increase. Canadian operations experienced an increase of \$830 or 27.0% from the prior period for labor and equipment associated with the increased revenues.

Selling Expenses--Selling expenses of \$16,735 increased \$2,616 over the same period last year but as a percentage of revenues decreased .2% to 14.9%. Residential and Commercial Services experienced an increase of \$1,542 or 15.0% over the same quarter last year. The increase is attributable to field management wages and incentives, advertising expense, branch office expenses and employee development expense. Utility Services experienced an increase of \$743 or 24.2% over the same period last year, primarily for field management wages and incentives. Canadian operations increased \$436 or 40.1% from the second quarter 2003. Increased field management wages and incentives, the result of increased revenues, contributed to the increase.

General and Administrative Expenses--General and administrative expenses of \$6,922 increased \$763 or 12.4% from the \$6,159 experienced in 2003, but as a percentage of revenues declined .4% to 6.2%. Of the \$763 increase, \$426 relates to the adoption in May 2004 of the Supplemental Executive Retirement Plan and the Benefits Restoration Pension Plan, both defined benefit plans; the adoption in May 2004 of the 401KSOP Match Restoration Plan, a defined contribution plan that supplements the retirement benefits of certain employees that participate in the savings-plan-feature of The Davey 401KSOP and ESOP Plan, but are limited in contributions because of tax rules and regulations; and, the awards in May 2004 of 44,151 Performance Restricted-Stock Units to certain key employees. Increases in travel expenses of \$112 and salaries and incentive expense of \$88 also occurred, the result of increased revenues and stronger earnings performance.

Depreciation and Amortization Expense--Depreciation and amortization expense of \$5,427 increased \$414 from the \$5,013 in the second quarter 2003, but as a percentage of revenues decreased .6% to 4.8%. The increase is due to additional capital expenditures for equipment within Utility Services as a result of additional contracts obtained in 2004, and new business acquisitions within Residential and Commercial Services.

Interest Expense--Interest expense of \$481 decreased \$45 from the \$526 incurred in second quarter 2003. The decline continues to be the result of lower interest rates on bank borrowings and lower average levels of debt during the period.

Interest Income--Interest income of \$217 decreased \$16 from the \$233 in the second quarter 2003. The decrease corresponds with the decrease in the balance outstanding of the common share subscription receivable at the end of the second quarter 2004 (\$7,017) as compared with the end of the second quarter 2003 (\$8,349).

Income Taxes--Income tax for the quarter was \$4,055, as compared to \$3,567 for the same quarter last year. The effective tax rate was 41.0% as compared to 39.5% in the second quarter 2003.

Net Income--Net income for the quarter of \$5,834 was \$372 more than the \$5,462 experienced in 2003, but as a percentage of revenues decreased .7% to 5.2%.

Results of Operations--Six Months Ended July 3, 2004 Compared to Six Months Ended June 28, 2003.

Revenues--Revenues of \$191,744 increased \$30,302 from the \$161,442 earned in 2003. Utility Services increased \$13,366 or 19.8% from the prior year. Contract pricing adjustments, new contracts and increased productivity, within our eastern and western utility operations continue to account for the increase. Residential and Commercial services increased \$12,621 or 16.2% over the same period last year, the result of an additional long-term contract obtained within the state of New York related to the Asian Longhorned Beetle (ALB), and acquisitions made in 2003. Canadian operations increased \$3,775 or 42.8% from the \$8,819 in 2003, with a portion of the additional revenues related to the infestation of the Asian Longhorned Beetle (ALB) within Canada. New contracts and increases in existing contracts as well as improved economic conditions and favorable weather account for the increase generally in all operations.

Operating Expenses--Operating expenses of \$126,516 increased \$19,557 from the \$106,959 in 2003 but as a percentage of revenues decreased .2% to 66.0%. Residential and Commercial services increased \$10,392 or 23.7% for labor and materials associated with the addition of the Asian Longhorn Beetle contract within the state of New York as well as an overall increase in revenues. Utility Services increased \$7,431 or 13.9% from 2003. Additional costs for labor and equipment associated with the start-up of new contracts obtained within our eastern utility operations as well as additional costs related to the increased revenues within our western utility operations gave rise to the increase. Canadian operations experienced an increase of \$2,022 or 40.1% from the prior year for labor and subcontractor costs associated with the increased revenues.

Selling Expenses--Selling expenses of \$31,032 increased \$4,943 over the same period last year but as a percentage of revenues remained the same at 16.2%. Residential and Commercial Services experienced an increase of \$2,341 or 12.4% over the same period last year. The increase is attributable to field management wages and incentives, advertising expense and employee development expense. Utility Services experienced an increase of \$1,583 or 25.7% over the same period last year, primarily for field management wages and incentives associated with the increased revenue. Canadian operations increased \$860 or 46.8% over the same period last year. Increased field management incentives, the result of increased revenues contributed to the increase.

General and Administrative Expenses--General and administrative expenses of \$14,816 increased \$1,807 or 13.9% from the \$13,009 experienced in 2003, but as a percentage of revenues declined .4% to 7.7%. Of the \$1,807 increase, \$426 relates to the adoption in May 2004 of the Supplemental Executive Retirement Plan and the Benefits Restoration Pension Plan, both defined benefit plans; the adoption in May 2004 of the 401KSOP Match Restoration Plan, a defined contribution plan that supplements the retirement benefits of certain employees that participate in the savings-plan-feature of The Davey 401KSOP and ESOP Plan, but are limited in contributions because of tax rules and regulations; and, the awards in May 2004 of 44,151 Performance Restricted-Stock Units to certain key employees. Increases in salaries and incentive expense of \$888 and travel expenses of \$133 also occurred, the result of increased revenues and stronger earnings performance.

Depreciation and Amortization Expense--Depreciation and amortization expense of \$10,634 increased \$617 from the \$10,017 in 2003, but as a percentage of revenues decreased .7% to 5.5%. The increase is due to additional capital expenditures for equipment within Utility Services as a result of additional contracts obtained in 2004, and new business acquisitions within Residential and Commercial Services.

Interest Expense--Interest expense of \$931 decreased \$300 from the \$1,231 incurred in the first six months of 2003. The decline continues to be the result of lower interest rates on bank borrowings and lower average levels of debt during the period.

Interest Income--Interest income of \$1,830 increased \$1,505 from the \$325 experienced in the same period last year and includes the recognition of \$1,692 in connection with the collection of the prepetition accounts receivable from Pacific Gas & Electric.

Income Taxes--Income tax was \$3,604 as compared to \$1,668 for the first six months of 2003. The effective tax rate was 41.0% as compared to 39.5% during the same period last year.

Net Income--Net income of \$5,186 was \$2,632 more than the \$2,554 experienced in 2003 and as a percentage of revenues increased 1.1% to 2.7%.

LIQUIDITY AND CAPITAL RESOURCES

Our principal financial requirements are for capital spending, working capital and business acquisitions.

Cash increased \$719 during the first six months of 2004. Net cash provided by operating activities of \$12,035 and financing activities of \$8,643 were offset by \$19,959 of cash used in investing activities.

Net Cash Provided By Operating Activities

Operating activities for the first six months of 2004 provided \$12,035 of cash, a net increase of \$6,805 as compared to the \$5,230 provided during the first six months of 2003. The \$6,805 net increase is attributable to a higher level of net income, higher levels of depreciation and amortization, increases in self-insurance accruals, accounts payable and accrued expense as well as a larger decrease in other assets. Larger increases in accounts receivable partially offset the increase in cash provided.

Accounts receivable dollars increased \$23,676 during the first six months of 2004 and "days-sales-outstanding" in accounts receivable increased seven days as at July 3, 2004 as compared with the end of the second quarter 2003. The increase in the days-sales-outstanding relates to our contract work performed in connection with the Asian Longhorned Beetle contract in New York as well as work performed for our utility service customers.

Operating liabilities provided \$5,028 in cash, \$4,220 more than the \$808 provided in 2003. The increase is attributable to an increase in accounts payable and accrued expenses and self-insurance accruals necessary to provide for future estimated claims payments in our vehicle, general liability and workers compensation lines of coverage.

Other items provided \$15,269 in cash, \$15,638 more than the \$369 used in the first six months of 2003 and is primarily the result of the \$13,326 payment in settlement of allowed claims related to our prepetition accounts receivable with PG&E.

Pacific Gas & Electric ("PG&E") voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code on April 6, 2001. On June 19, 2003, it was announced that Pacific Gas & Electric Corporation ("PG&E Corporation," the parent company of PG&E), the staff of the California Public Utilities Commission ("CPUC"), and PG&E entered into a settlement agreement. Subsequently, PG&E Corporation, PG&E, and the Official Committee of Unsecured Creditors ("OCC"), as co-proponents, filed the settlement agreement with the bankruptcy court. In December 2003, the CPUC approved the settlement agreement and the bankruptcy court confirmed the plan of reorganization.

PG&E is one of the Company's largest utility customers. Subsequent to the bankruptcy petition date, April 6, 2001, the Company continued to provide services under the terms of its contracts with PG&E. The Company continues to perform services for PG&E and receives payment for post-petition date services performed.

On April 12, 2004, PG&E announced that its plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code became effective and that the holders of record of allowed claims would be paid. Davey Tree was a holder of allowed claims related to prepetition accounts receivable that arose prior to the filing date of PG&E's voluntary bankruptcy petition on April 6, 2001. On April 13, 2004, the Company received payment of \$13,326, from PG&E in settlement of allowed claims related to prepetition accounts receivable. The \$13,326 payment was used to reduce borrowings outstanding under the Company's revolving credit facility in the second quarter of 2004.

Net Cash Used in Investing Activities

Investing activities used \$19,959 in cash, \$8,717 more than the \$11,242 used in 2003 and is the result of higher levels of capital expenditures for field equipment associated with increased revenues. Capital expenditures in 2004 are expected to materially exceed 2003 levels.

Net Cash Provided by Financing Activities

Financing activities provided \$8,643 of cash, \$2,906 more than the \$5,737 provided last year. Our revolving credit facility and other borrowings provided \$2,833 more cash than that provided in 2003 and were used primarily for capital expenditures. Treasury share transactions (purchases and sales) used \$168 less than the \$1,419 used in 2003. Dividends paid increased to \$1,111 from the \$1,016 paid in the first six months of 2003.

Revolving Credit Facility--The Company has a \$90,000 three-year revolving credit facility with a group of banks, which will expire in November 2005 and permits borrowings, as defined, up to \$90,000 with a letter of credit sublimit of \$40,000 (amended in January 2004 to \$40,000 from a previous \$30,000 letter of credit sublimit).

As of July 3, 2004, the Company had unused commitments under the facility approximating \$15,369, with \$74,631 committed, consisting of borrowings of \$41,825 and issued letters of credit of \$32,806. Borrowings outstanding bear interest, at the Company's option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from 1.0% to 2.0%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .20% to .45% is also required based on the average daily unborrowed commitment.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Obligations Summary

The following is a summary of our long-term contractual obligations, as at July 3, 2004, to make future payments for the periods indicated.

<u>Description</u>	<u>Total</u>	<u>Six</u>	<u>Year Ending December 31,</u>				<u>Thereafter</u>
		<u>Months Ending</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
		<u>December 31,</u>					
		<u>2004</u>					
Revolving credit facility	\$ 41,825	\$ -	\$ 41,825	\$ -	\$ -	\$ -	\$ -
Term loans	2,209	444	810	665	290	-	-
Capital lease obligations	2,721	332	804	619	966	-	-
Operating lease obligations	4,625	938	1,313	958	736	359	321
Self-insurance accruals	29,946	6,493	9,244	6,425	3,665	1,841	2,278
	<u>\$ 81,326</u>	<u>\$ 8,207</u>	<u>\$ 53,996</u>	<u>\$ 8,667</u>	<u>\$ 5,657</u>	<u>\$ 2,200</u>	<u>\$ 2,599</u>

The self-insurance accruals in the summary above reflect the total of the undiscounted amount accrued as at July 3, 2004 and amounts estimated to be due each year may differ from actual payments required to fund claims.

As of July 3, 2004, we were contingently liable for letters of credit in the amount of \$37,036, of which \$32,806 is committed under the revolving credit facility. Substantially all of these letters of credit, which expire within a year, are planned for renewal as necessary.

Also, as is common with our industry, we have performance obligations that are supported by surety bonds, which expire during 2004 through 2007. We intend to renew the performance bonds where appropriate and as necessary.

Capital Resources

Cash generated from operations and our revolving credit facility are our primary sources of capital.

Business seasonality results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while our methods of accounting for fixed costs, such as depreciation expense, are not significantly impacted by business seasonality. Capital resources during these periods are equally affected. We satisfy seasonal working capital needs and other financing requirements with the revolving credit facility and several other short-term lines of credit. We are continuously reviewing our existing sources of financing and evaluating alternatives. At July 3, 2004, we had working capital of \$41,831, short-term lines of credit approximating \$3,624 and \$15,369 available under our revolving credit facility.

Our sources of capital presently allow us the financial flexibility to meet our capital-spending plan and to complete business acquisitions.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

The Company considers its critical accounting policies to be those that require the more significant estimates, judgments and assumptions in the preparation of its financial statements, including those related to accounts receivable, specifically those receivables under contractual arrangements primarily arising from Utility Services customers; allowances for doubtful accounts; and self-insurance accruals. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

There have been no significant changes in estimates, judgments and assumptions in the preparation of these interim financial statements from those used in the preparation of the Company's latest annual financial statements.

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995). These statements relate to future events or our future financial performance. In some cases, forward-looking statements may be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to differ materially from what is expressed or implied in these forward-looking statements. Some important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: (a) our business, other than tree services to utility customers, being highly seasonal and weather dependent; (b) significant customers, particularly utilities, may experience financial difficulties, resulting in payment delays or delinquencies; and (c) because no public market exists for our common shares, the ability of shareholders to sell their common shares could be limited.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

During the six months ended July 3, 2004, there have been no material changes in the reported market risks presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

Item 4. *Controls and Procedures*

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to the Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of July 3, 2004 in alerting them on a timely basis to material information required to be included in our periodic filings with the SEC.

There have been no significant changes in our internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect these internal controls over financial reporting subsequent to July 3, 2004.

The Davey Tree Expert Company

Part II. Other Information

Items 1, 3 and 5 are not applicable.

Item 2. ***Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities***

The following table provides information on purchases made by the Company of its Common Shares outstanding during the first six months of 2004.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
<u>Fiscal 2004</u>				
January 4 to January 31	-	-	n/a	n/a
February 1 to February 28	12,538	\$ 13.50	n/a	n/a
February 29 to April 3	<u>32,570</u>	15.70	n/a	n/a
Total First Quarter	45,108	15.09		
April 4 to May 1	81,941	15.70	n/a	n/a
May 2 to May 29	71,040	15.70	n/a	n/a
May 30 to July 3	<u>19,766</u>	15.70	n/a	n/a
Total Second Quarter	<u>172,747</u>	15.70		
Total Year to Date	<u>217,855</u>	15.49		

n/a--Not applicable. There are no publicly announced plans or programs to purchase Common Shares.

The Company's stock is not listed or traded on an active stock market, and market prices are, therefore, not available. Semiannually, an independent stock valuation firm determines the fair market value based upon the Company's performance and financial condition. Since 1979, the Company has voluntarily made a ready market for all shareholders through its direct purchase of their common shares. The purchases listed above were added to the treasury stock of the Company.

Item 4. ***Submission of Matters to a Vote of Security Holders***

An annual meeting of shareholders was held on May 18, 2004. The following sets forth the actions considered and the results of the voting:

Election of Directors

Nominees for director for the term
expiring on the date of the annual
meeting in 2007 -- All elected.

	Number of Shares		
	<u>For</u>	<u>Against</u>	<u>Nonvotes</u>
R. Cary Blair	6,729,488	25,113	1,899,495
Douglas K. Hall	6,731,529	23,072	1,899,495

Description of Proposal

Adoption of The Davey Tree Expert
Company 2004 Omnibus Stock Plan
Plan -- Approved.

	Number of Shares			
	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Nonvotes</u>
	6,645,369	20,404	88,828	1,899,495

Item 6. ***Exhibits and Reports on Form 8-K***

(a) *Exhibits (see Exhibit Index page, below)*

(b) *Reports on Form 8-K*

On April 15, 2004, the Company filed a Current Report on Form 8-K under Item 5 thereof announcing that the Company received payment of \$13,325,950 from Pacific Gas & Electric Company in settlement of allowed claims related to pre-bankruptcy accounts receivable.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE DAVEY TREE EXPERT COMPANY

Date: August 11, 2004

By: /s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer and Secretary
(Principal Financial Officer)

Date: August 11, 2004

By: /s/ Nicholas R. Sucic
Nicholas R. Sucic
Corporate Controller
(Principal Accounting Officer)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>	
10.1	2004 Omnibus Stock Plan	Filed Herewith
10.2	401KSOP Match Restoration Plan	Filed Herewith
10.3	Supplemental Executive Retirement Plan	Filed Herewith
10.4	Retirement Benefit Restoration Plan	Filed Herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished Herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished Herewith

THE DAVEY TREE EXPERT COMPANY

2004 OMNIBUS STOCK PLAN

1. PURPOSE

The Davey Tree Expert Company 2004 Omnibus Stock Plan (the "Plan") is designed to foster and promote the long-term growth and performance of the Company by: (a) enhancing the Company's ability to attract and retain qualified employees and Directors and (b) motivating employees and Directors through stock ownership and performance-based incentives. To achieve this purpose, this Plan provides authority for the grant of stock and other performance-based incentives and the maintenance of an employee stock purchase program.

2. DEFINITIONS

(a) "AFFILIATE" AND "ASSOCIATE" – These terms have the meanings given to them in Rule 12b-2 under the Exchange Act.

(b) "AWARD" – The grant of Stock Options, Restricted Stock, Stock Equivalent Units, Stock Appreciation Rights, Stock Purchase Rights, Cash Awards, and other stock and performance-based incentives under this Plan.

(c) "AWARD AGREEMENT" – Any agreement between the Company and a Participant that sets forth terms, conditions, and restrictions applicable to an Award.

(d) "BOARD OF DIRECTORS" – The Board of Directors of the Company.

(e) "CASH AWARD" – This term has the meaning given to it in Section 6(b)(v).

(f) "CHANGE IN CONTROL" – A "Change in Control" will be deemed to occur if at any time after the date of the adoption of this Plan:

(i) Any Person (other than the Company, any of its subsidiaries, any employee benefit plan or employee stock ownership plan of the Company, or any Person organized, appointed, or established by the Company for or pursuant to the terms of any such plan), alone or together with any of its Affiliates or Associates, becomes the Beneficial Owner of 20% or more of the Common Shares then outstanding. In addition, if any Person commences a tender offer or exchange offer for 20% or more of the Common Shares then outstanding, the Committee may, in its discretion and at any time prior to the expiration of the tender offer or exchange offer, declare that such tender offer or exchange offer constitutes a "Change in Control". For this purpose, the term "Beneficial Owner" has the meaning given to it in Rule 13d-3 under the Exchange Act.

(ii) At any time during a period of 24 consecutive months, Continuing Directors represent less than a majority of the members of the Board of Directors. "CONTINUING DIRECTORS" are individuals who were Directors at the beginning of the 24-month period or whose appointment or nomination for election as Directors was approved by a majority of the Continuing Directors then in office.

(iii) A record date is established for determining shareholders entitled to vote upon (A) a merger or consolidation of the Company with another entity if the Persons who hold Common Shares immediately prior to the merger or consolidation will, immediately after the merger or consolidation, hold less than 80% of the outstanding voting securities of the surviving or resulting entity or the ultimate parent of the surviving or resulting entity, (B) a sale or other disposition of all or substantially all of the assets of the Company and its direct or indirect subsidiaries, or (C) the dissolution of the Company.

(g) "CODE" – The Internal Revenue code of 1986, or any law that supersedes or replaces it, as amended from time to time.

(h) "COMMITTEE" – The Compensation Committee of the Board of Directors, or any other committee of the Board of Directors that the Board of Directors authorizes to administer this Plan. The Committee will be constituted in a manner that satisfies all applicable legal requirements, including satisfying the disinterested administration standard set forth in Rule 16b-3 and the definition of "compensation committee" set forth in Treasury Regulation Section 1.162-27(c)(4).

(i) "COMMON SHARES" or "SHARES" – Common Shares, \$1.00 par value per share, of the Company, including authorized and unissued shares and treasury shares, and any shares issued in exchange for the Common Shares in a merger, consolidation, reorganization, recapitalization, reclassification, or similar transaction.

(j) "COMPANY" – The Davey Tree Expert Company, an Ohio corporation, and any successor entity.

(k) "CONTINUING DIRECTOR" – A Director who was a Director prior to a Change in Control or was recommended or elected to succeed a Continuing Director by a majority of the Continuing Directors then in office.

(l) "DIRECTOR" – A director of the Company.

(m) "EXCHANGE ACT" – Securities Exchange Act of 1934, and any law that supersedes or replaces it, as amended from time to time.

(n) "FAIR MARKET VALUE" of Common Shares – The value of the Common Shares determined by the Committee, or pursuant to rules established by the Committee, on a basis consistent with regulations under the Code.

(o) "INCENTIVE STOCK OPTION" – A Stock Option that meets the requirements of Section 422 of the Code.

(p) "NON-EMPLOYEE DIRECTOR" – A Director who is not an employee of the Company.

(q) "NOTICE OF AWARD" – Any notice by the Committee to a Participant that advises the Participant of the grant of an Award or sets forth terms, conditions, and restrictions applicable to an Award.

(r) "PARTICIPANT" – Any person to whom an Award has been granted under this Plan.

(s) "RESTRICTED STOCK" – An Award of Common Shares that are subject to restrictions or risk of forfeiture.

(t) "RULE 16b-3" – Rule 16b-3 under the Exchange Act, or any rule that supersedes or replaces it, as amended from time to time.

(u) "STOCK APPRECIATION RIGHT" – This term has the meaning given to it in Section 6(b)(i).

(v) "STOCK AWARD" – This term has the meaning given to it in Section 6(b)(ii).

(w) "STOCK EQUIVALENT UNIT" – An Award that is valued by reference to the value of Common Shares.

(x) "STOCK OPTION" – This term has the meaning given to it in Section 6(b)(iii).

(y) "STOCK PURCHASE RIGHT" – This term has the meaning given to it in Section 6(b)(iv).

3. ELIGIBILITY

All employees and Directors of the Company and its Affiliates are eligible for the grant of Awards. The selection of the employees and Directors to receive Awards will be within the discretion of the Committee. More than one Award may be granted to the same employee or Director.

4. COMMON SHARES AVAILABLE FOR AWARDS; ADJUSTMENT

(a) NUMBER OF COMMON SHARES. The aggregate number of Common Shares that may be subject to Awards granted under this Plan in any fiscal year of the Company during the term of this Plan will be equal to the sum of (i) five percent (5.0%) of the number of Common Shares outstanding as of the first day of that fiscal year plus (ii) the number of Common Shares that were available for the grant of Awards, but not granted, under this Plan in previous fiscal years; provided that, in no event will the number of Common Shares available for the grant of Awards in any fiscal year exceed eight percent (8.0%) of the Common Shares outstanding as of the first day of that fiscal year. The maximum number of Common Shares with respect to which Awards may be granted during a calendar year to any employee is 100,000, and the maximum number of Common Shares with respect to which Awards may be granted under this Plan is 5,000,000. The Plan will terminate on the tenth anniversary of its approval.

The assumption of awards granted by an organization acquired by the Company, or the grant of Awards under this Plan in substitution for any such awards, will not reduce the number of Common Shares available in any fiscal year for the grant of Awards under this Plan.

Common Shares subject to an Award that is forfeited, terminated, or canceled without having been exercised (other than Common Shares subject to a Stock Option that is canceled upon the exercise of a related Stock Appreciation Right) will again be available for grant under this Plan, without reducing the number of Common Shares available in any fiscal year for grant of Awards under this Plan, except to the extent that the availability of those Common Shares would cause this Plan or any Awards granted under this Plan to fail to qualify for the exemption provided by Rule 16b-3.

(b) NO FRACTIONAL SHARES. No fractional shares will be issued, and the Committee will determine the manner in which the value of fractional shares will be treated.

(c) ADJUSTMENT. In the event of any change in the Common Shares by reason of a merger, consolidation, reorganization, recapitalization, reclassification, or similar transaction, or in the event of a stock dividend, stock split, or distribution to shareholders (other than normal cash dividends), the Committee will adjust the number and class of shares that may be issued under this Plan, the number and class of shares subject to outstanding Awards, the exercise price applicable to outstanding Awards, and the Fair Market Value of the Common Shares and any other value determinations applicable to outstanding Awards.

5. ADMINISTRATION

(a) COMMITTEE. This Plan will be administered by the Committee. The Committee will, subject to the terms of this Plan, have the authority to: (i) select the eligible employees and Directors who will receive Awards, (ii) grant Awards, (iii) determine the number and types of Awards to be granted to employees and Directors, (iv) determine the terms, conditions, vesting periods, and restrictions applicable to Awards, (v) adopt, alter and repeal administrative rules and practices governing this Plan, (vi) interpret the terms and provisions of this Plan and any Awards granted under this Plan, (vii) prescribe the forms of any Notices of Award, Awards Agreements, or other instruments relating to Awards, and (viii) otherwise supervise the administration of this Plan. All decisions by the Committee will be made with the approval of not less than a majority of its members.

(b) DECISIONS FINAL. All decisions by the Committee will be final and binding on all persons.

6. AWARDS

(a) GRANT OF AWARDS. The Committee will determine the type or types of Awards to be granted to each Participant and will set forth in the related Notice of Award or Award Agreement the terms, conditions, vesting periods, and restrictions applicable to each Award. Awards may be granted singly or in combination or tandem with other Awards. Awards may also be granted in replacement of, or in substitution for, other awards granted by the Company, whether or not granted under this Plan; without limiting the foregoing, if a Participant pays all or part of the exercise price or taxes associated with an Award by the transfer of Common Shares or the surrender of all or part of an Award (including the Award being exercised), the Committee may, in its discretion, grant a new Award to replace the Common Shares that were transferred or the Award that was surrendered. The Company may assume awards granted by an organization acquired by the Company or may grant Awards in replacement of, or in substitution for, any such awards.

(b) TYPES OF AWARDS. Awards may include, but are not limited to, the following:

(i) STOCK APPRECIATION RIGHT – A right to receive a payment, in cash or Common Shares, equal to the excess of (A) the Fair Market Value, or other specified valuation, of a specified number of Common Shares on the date the right is exercised over (B) the Fair market Value, or other specified valuation, on the date the right is granted, all as determined by the Committee. The right may be conditioned upon the occurrence of certain events, such as a Change in Control of the Company, or may be unconditional, as determined by the Committee.

(ii) STOCK AWARD – An Award that is made in Common Shares, Restricted Stock, or Stock Equivalent Units or that is otherwise based on, or valued in whole or in part by reference to, the Common Shares. All or part of any Stock Award may be subject to conditions, restrictions, and risks of forfeiture, as and to the extent established by the Committee. Stock Awards may be based on the Fair Market Value of the Common Shares, or on other specified values or methods of valuation, as determined by the Committee.

(iii) STOCK OPTION – A right to purchase a specified number of Common Shares, during a specified period, and at a specified exercise price, all as determined by the Committee. A Stock Option may be an Incentive Stock Option or a Stock Option that does not meet the requirements of Section 422 of the Code. In addition to the terms, conditions, vesting periods, and restrictions established by the Committee, Incentive Stock Options must comply with the requirements of Section 422 of the Code. The exercise price of a Stock Option that does not qualify as an Incentive Stock Option may be more or less than the Fair Market Value of the Common Shares on the date the Stock Option is granted.

(iv) STOCK PURCHASE RIGHT – A right to participate in a stock purchase program, including but not limited to a stock purchase program that meets the requirements of Section 423 of the Code.

Among other requirements, Section 423 currently provides that (A) only employees of the Company, or of any direct or indirect subsidiary of the Company designated by the Committee, may receive Stock Purchase Rights that qualify under Section 423 ("Section 423 Rights"), (B) Section 423 Rights may not be granted to any Participant who, immediately after the Section 423 Rights are granted, owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company, (C) Section 423 Rights must be granted to all employees of The Davey Tree Expert Company, and of any direct or indirect subsidiary of the Company designated by the Committee, except that there may be excluded (1) employees who have been employed less than two years, (2) employees whose customary employment is 20 hours or less per week, (3) employees whose customary employment is for not more than five months in any calendar year, and (4) highly compensated employees (within the meaning of Section 414(q) of the Code), (D) all employees granted Section 423 Rights must have the same rights and privileges, except that the number of Common Shares that may be purchased by any employee upon exercise of Section 423 Rights may bear a uniform relationship to the total compensation, or the basic or regular rate of compensation, of the employee, (E) the exercise price of Section 423 Rights may not be less than eighty-five percent (85%) of the Fair Market Value of the Common Shares at the time Section 423 Rights are granted; (F) Section 423 Rights cannot be exercised after the expiration of 27 months from the date the Section 423 Rights are granted, and (G) no employee may be granted Section 423 Rights, under this Plan and any other stock purchase plans of the Company and its subsidiaries, that permit the purchase of Common shares with a Fair Market Value of more than \$25,000 (determined at the time the Section 423 Rights are granted) in any calendar year.

(v) CASH AWARD – An Award denominated in cash.

(vi) CONDITIONS; PERFORMANCE OBJECTIVES – All or part of any Award may be subject to conditions established by the Committee, including but not limited to future service with the Company or the achievement of specific performance objectives. These performance objectives may be based on any of the following business criteria, either alone or in any combination, and on either a consolidated or business unit level, as the Committee may determine: return on net assets, return on equity, return on invested capital, total shareholder return, equity valuation, economic value added, completion of acquisitions, product and market development, technology development, inventory management, working capital management, customer satisfaction, sales, revenue, operating income, cash flow, net income, earnings per share, and other GAAP and non-GAAP measures of financial performance, including earnings before interest and taxes, earnings before interest, taxes, depreciations, and amortization, and similar measures. These business criteria may be clarified by reasonable definitions adopted from time to time by the Committee, which may include or exclude any or all of the following items as the Committee may specify: extraordinary, unusual or non-recurring items, effects of accounting changes, effects of currency fluctuations, effects of financing activities, expenses for restructuring or productivity initiatives, non-operating items, acquisition expenses, and effects of acquisitions, divestitures, or reorganizations.

7. DEFERRAL OF PAYMENT

With the approval of the Committee, the delivery of the Common Shares, cash, or any combination thereof subject to an Award may be deferred, either in the form of installments or a single future delivery. The Committee may also permit selected Participants to defer the payment of some or all of their Awards, as well as other compensation, in accordance with procedures established by the Committee to assure that the recognition of taxable income is deferred under the Code. Deferred amounts may, to the extent permitted by the Committee, be credited as cash or Stock Equivalent Units. The Committee may also establish rules and procedures for the crediting of interest on deferred cash payments and dividend equivalents on Stock Equivalent Units.

8. PAYMENT OF EXERCISE PRICE

The exercise price of a Stock Option (other than an Incentive Stock Option), Stock Purchase Right, and any Stock Award for which the Committee has established an exercise price may be paid in cash, by the transfer of Common Shares, by the surrender of all or part of an Award (including the Award being exercised), or by a combination of these methods, as and to the extent permitted by the Committee. The exercise price of an Incentive Stock Option may be paid in cash, by the transfer of Common Shares, or by a combination of these methods, as and to the extent permitted by the Committee at the time of grant, but may not be paid by the surrender of all or part of an Award. The Committee may prescribe any other method of paying the exercise price that it determines to be consistent with applicable law and the purpose of this Plan.

In the event shares of Restricted Stock are used to pay the exercise price of a Stock Award, a number of the Common Shares issued upon the exercise of the Award equal to the number of shares of Restricted Stock used to pay the exercise price will be subject to the same restrictions as the Restricted Stock.

9. TAXES ASSOCIATED WITH AWARD

Prior to the payment of an Award, the Company may withhold, or require a Participant to remit to the Company, an amount sufficient to pay any Federal, state, and local taxes associated with the Award. The Committee may, in its discretion and subject to such rules as the Committee may adopt, permit a Participant to pay any or all taxes associated with the Award (other than an Incentive Stock Option) in cash, by the transfer of Common Shares, by the surrender of all or part of an Award (including the Award being exercised), or by a combination of these methods. The Committee may permit a Participant to pay any or all taxes associated with an Incentive Stock Option in cash, by the transfer of Common Shares, or by a combination of these methods.

10. TERMINATION OF EMPLOYMENT

If the employment of a Participant terminates for any reason, or if a Director ceases to be a Director of the Company for any reason, all unexercisable, deferred, and unpaid Awards may be exercisable or paid only in accordance with rules established by the Committee. These rules may provide, as the Committee deems appropriate, for the expiration, continuation, or acceleration of the vesting of all or part of the Awards.

11. TERMINATION OF AWARDS UNDER CERTAIN CONDITIONS

The Committee may cancel any unexpired, unpaid, or deferred Awards at any time if the Participant is not in compliance with all applicable provisions of this Plan or with any Notice of Award or Award Agreement or if the Participant, without the prior written consent of the Company, engages in any of the following activities:

(i) Renders services for an organization, or engages in a business, that is, in the judgment of the Committee, in competition with the Company.

(ii) Discloses to anyone outside of the Company, or uses for any purpose other than the Company's business, any confidential information or material relating to the Company, whether acquired by the Participant during or after employment with the Company.

The Committee may, in its discretion and as a condition to the exercise of an Award, require a Participant to acknowledge in writing that he or she is in compliance with all applicable provisions of this Plan and of any Notice of Award or Award Agreement and has not engaged in any activities referred to in clauses (i) and (ii) above.

12. CHANGE IN CONTROL

In the event of a Change in Control of the Company, unless and to the extent otherwise determined by the Board of Directors, (i) all Stock Appreciation Rights, Stock Options, an other Stock Purchase Rights then outstanding will become fully exercisable as of the date of the Change in Control, (ii) all restrictions and conditions applicable to Restricted Stock and other Stock Awards will be deemed to have been satisfied as of the date of the Change in Control, and (iii) all Cash Awards will be deemed to have been fully earned as of the date of the Change in Control. Any such determination by the Board of Directors that is made after the occurrence of a Change in Control will not be effective unless a majority of the Directors then in office are Continuing Directors and the determination is approved by a majority of the Continuing Directors.

13. AMENDMENT, SUSPENSION, OR TERMINATION OF THIS PLAN;
AMENDMENT OF OUTSTANDING AWARDS

(a) AMENDMENT, SUSPENSION, OR TERMINATION OF THIS PLAN. The Board of Directors may amend, suspend, or terminate this Plan at any time. Shareholder approval for any such amendment will be required only to the extent (i) necessary to preserve the exemption provided by Rule 16b-3 for this Plan and Awards granted under this Plan, (ii) required by applicable law, or (iii) required to comply with the rules of any exchange or market on which the Common Shares may be listed or traded.

(b) AMENDMENT OF OUTSTANDING AWARDS. The Committee may, in its discretion, amend the terms of any Award, prospectively or retroactively, but no such amendment may impair the rights of any Participant without his or her consent; without limiting the foregoing, if the Company merges with or consolidates with another entity, the Committee may amend the terms of any Award to provide for the assumption of the Award by the surviving or resulting entity. The Committee may, in whole or in part, waive any restrictions or conditions applicable to, or accelerate the vesting of, any Award.

14. AWARDS TO FOREIGN NATIONALS AND EMPLOYEES OUTSIDE OF THE
UNITED STATES

To the extent that the Committee deems appropriate to comply with foreign law or practice and to further the purpose of the Plan, the Committee may, without amending this Plan, (i) establish special rules applicable to Awards granted to Participants who are foreign nationals, are employed outside the United States, or both, including rules that differ from those set forth in this Plan, and (ii) grant Awards to such Participants in accordance with those rules.

15. NONASSIGNABILITY

Unless otherwise determined by the Committee (i) no Award granted under this Plan may be transferred or assigned by the Participant to whom it is granted other than by will, pursuant to the laws of descent and distribution, or pursuant to a qualified domestic relations order and (ii) an Award granted under this Plan may be exercised, during the Participant's lifetime, only by the Participant or by the Participant's guardian or legal representative; except that, no Incentive Stock Option and no Section 423 Right may be transferred or assigned pursuant to a qualified domestic relations order or exercised, during the Participant's lifetime, by the Participant's guardian or legal representative.

16. GOVERNING LAW

The interpretation, validity, and enforcement of this Plan will, to the extent not otherwise governed by the Code or the securities laws of the United States, be governed by the law of the State of Ohio.

17. RIGHTS OF EMPLOYEES

Nothing in this Plan will confer upon any Participant the right to continued employment by the Company or limit in any way the Company's right to terminate any Participant's employment at will.

18. EFFECTIVE AND TERMINATION DATE

(a) EFFECTIVE DATE. This Plan will become effective on the date it is approved by the holders of a majority of the Common Shares then outstanding.

(b) TERMINATION DATE. This Plan will terminate 10 years after it is approved by the Company's shareholders.

**THE DAVEY TREE EXPERT COMPANY
401KSOP MATCH RESTORATION PLAN**

The Davey Tree Expert Company hereby establishes, effective as of January 1, 2003, The Davey Tree Expert Company 401KSOP Match Restoration Plan for the purpose of supplementing the retirement benefits of certain employees who are eligible to participate in accordance with the terms hereof, including as permitted by Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE I

DEFINITIONS

1.1 Definitions. For the purposes hereof, the following words and phrases shall have the meanings indicated, unless a different meaning is plainly required by the context:

- (a) The term "Code" shall mean the Internal Revenue Code of 1986, as amended.
- (b) The term "Company" shall mean The Davey Tree Expert Company, an Ohio corporation, its corporate successors and the surviving corporation resulting from any merger of The Davey Tree Expert Company with any other corporation or corporations.
- (c) The term "Employee" shall mean any person employed by the Company who is a Participant in the Savings Plan and who is designated by the Compensation Committee of the Board of Directors of the Company as eligible to participate in this Plan.
- (d) The term "Savings Plan" shall mean The Davey 401KSOP and ESOP as the same shall be in effect on the date of an Employee's retirement, death, or other termination of employment.
- (e) The term "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.
- (f) The term "Plan" shall mean the plan as set forth herein, together with all amendments hereto, which Plan shall be called "The Davey Tree Expert Company 401KSOP Match Restoration Plan."

1.2 Additional Definitions. All other words and phrases used herein shall have the meanings given them in the Savings Plan, unless a different meaning is clearly required by the context.

ARTICLE II

MATCH RESTORATION BENEFIT

2.1 **Eligibility.** An Employee who retires, dies, or otherwise terminates his employment with the Company under conditions (including attainment of fully vested status under the terms of the Savings Plan) which make such Employee or his Beneficiary eligible for a distribution under the Savings Plan, and with respect to whom there have been one or more Prevented Allocations, shall be eligible for a match restoration benefit under the Plan. Notwithstanding the immediately preceding sentence, as a condition to eligibility for any benefit under the Plan, an Employee must elect under the terms of the Savings Plan to have contributed on his behalf as Tax-Deferred Contributions the maximum amount which is eligible for matching under the terms of the Savings Plan.

2.2 **Prevented Allocation.** A Prevented Allocation means any allocation of Employer Contributions under Section 7.1 of the Savings Plan which would have been made to a Separate Account of an Employee under the Savings Plan but for the operation of

- (a) Section 415(c)(1)(A) of the Code, or
- (b) Section 401(a)(17) of the Code, or
- (c) Section 401(m) of the Code,

provided that for purposes of determining such amount with respect to any Plan Year, it shall be assumed that the Employee elected to have contributed on his behalf the maximum amount of Tax-Deferred Contributions subject to matching under Section 7.1 of the Savings Plan which could have been made but for the operation of the foregoing Sections of the Code.

2.3 **Amount.** The benefit payable to an Employee, or his Beneficiary in the event of the Employee's death prior to receiving payment of all amounts due under the Plan, shall be equal to the balance of his account, as hereinafter determined. The Company shall establish on its books and records an account for each Employee with respect to whom a Prevented Allocation has occurred to reflect such Employee's interest in the Plan. Such account shall be credited with the Prevented Allocation for any Plan Year beginning on or after January 1, 2003, as of the last day of such Plan Year, and shall be credited with interest at the rate of seven percent per annum. Upon occurrence of any payment to an Employee or his Beneficiary pursuant to the terms of the Plan, his account shall be debited to reflect such payment.

2.4 **Payment.** Payment under the Plan to an eligible Employee or his Beneficiary shall be made by the Company solely from its general assets. The match restoration benefit shall be paid in the form of a single cash payment made as soon as reasonably practicable following the eligible Employee's retirement, death, or other termination of employment.

ARTICLE III

ADMINISTRATION

The Plan consists in part of an "excess benefit plan," as defined in ERISA, and is also a plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. Accordingly, the Plan shall be construed and administered in the manner appropriate to maintain the Plan's status as such under ERISA. To the extent that ERISA applies to the Plan, the Company shall be the "named fiduciary" of the Plan and the "plan administrator" of the Plan. The Company shall be responsible for the general administration of the Plan, for carrying out the provisions hereof, and for making any required benefit payments under the Plan. The Company shall have all such powers as may be necessary or appropriate to carry out the provisions of the Plan, including the power to determine all questions relating to eligibility for and the amount of any benefit hereunder and all questions pertaining to claims for benefits and procedures for claim review; to resolve all other questions arising under the Plan, including any questions of construction; and to take such further action as the Company shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Company hereunder shall be final and binding upon all interested parties.

ARTICLE IV

AMENDMENT AND TERMINATION

The Company reserves the right in its sole and absolute discretion to amend or terminate the Plan at any time by action of its Board of Directors; provided, however, that no such action shall adversely affect any Employee or his Beneficiary who is then eligible to receive payment of a match restoration benefit under the Plan, unless an equivalent benefit is provided under the Savings Plan or another plan sponsored by the Company.

ARTICLE V

MISCELLANEOUS

5.1 Non-Alienation of Rights or Benefits. No Employee or Beneficiary shall encumber or dispose of his right to receive any payment hereunder, which payment or the right thereto are expressly declared to be nonassignable and nontransferable. If an Employee or his Beneficiary attempts to assign, transfer, alienate or encumber his right to receive any payment hereunder or permits the same to be subject to alienation, garnishment, attachment, execution, or levy of any kind, then thereafter during the life of such Employee or his Beneficiary, and also during any period in which any Employee or his Beneficiary is incapable in the judgment of the Company of attending to his financial affairs, any payments which the Company is required to make hereunder may be made, in the discretion of the Company, directly to such Employee or his Beneficiary or to any other person for his use or benefit or that of his dependents, if any, including any person furnishing goods or services to or for his use or benefit or the use or benefit of his dependents, if any. Each such payment may be made without the intervention of a guardian, the receipt of the payee shall constitute a complete acquittance to the Company with respect thereto, and the Company shall have no responsibility for the proper allocation thereof.

5.2 Plan Non-Contractual. Nothing herein contained shall be construed as a commitment or agreement on the part of any person employed by the Company to continue his employment with the Company, and nothing herein contained shall be construed as a commitment on the part of the Company to continue the employment or the annual rate of compensation of any such person for any period, and all Employees shall remain subject to discharge to the same extent as if the Plan had never been put into effect.

5.3 Interest of Employee. The obligation of the Company under the Plan to provide an Employee or his Beneficiary with a match restoration benefit merely constitutes the unfunded, unsecured promise of the Company to make payments as provided herein, and no person shall have any interest in, or a lien or prior claim upon, any property of the Company with respect to such benefits greater than that of a general creditor of the Company.

5.4 Claims of Other Persons. The provisions of the Plan shall in no event be construed as giving any person, firm or corporation any legal or equitable right as against the Company, its officers, employees, or directors, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

5.5 No Competition. The right of any Employee or his Beneficiary to a match restoration benefit will be terminated, or, if payment thereof has begun, all further payments will be discontinued and forfeited in the event the Employee at any time subsequent to the effective date hereof (i) wrongfully discloses any secret process or trade secret of the Company or any of its subsidiaries, or (ii) engages, either directly or indirectly, as an officer, trustee, employee, consultant, partner, or substantial shareholder, on his own account or in any other capacity, in a business venture that within the two-year period following his retirement or termination of employment, the Company's Board of Directors reasonably determines to be competitive with the Company to a degree materially contrary to the Company's best interest.

5.6 Severability. The invalidity or unenforceability of any particular provision of the Plan shall not effect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

5.7 Governing Law. The provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

* * *

EXECUTED this 19th day of May, 2004.

THE DAVEY TREE EXPERT COMPANY

By: David E. Adante
Title: Executive Vice President, CFO and
Secretary

**THE DAVEY TREE EXPERT COMPANY
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

The Davey Tree Expert Company hereby establishes, effective as of January 1, 2003, The Davey Tree Expert Company Supplemental Executive Retirement Plan for the purpose of supplementing the retirement benefits of a select group of management or highly compensated employees who are eligible to participate in accordance with the terms hereof.

ARTICLE I

DEFINITIONS

1.1 Definitions. For the purposes hereof, the following words and phrases shall have the meanings indicated, unless a different meaning is plainly required by the context:

(a) The term "Actuarial Equivalent" shall mean a benefit of equivalent actuarial value determined on the basis of the UP-84 Mortality Table and interest at 7% per annum.

(b) The term "Benefit Percentage" with respect to a Participant shall mean thirty percent reduced by 1.5% for each year (determined to the nearest 1/12th) by which the Participant's years of Benefit Service are less than twenty.

(c) The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) The term "Company" shall mean The Davey Tree Expert Company, an Ohio corporation, its corporate successors and the surviving corporation resulting from any merger of The Davey Tree Expert Company with any other corporation or corporations.

(e) The term "Defined Benefit Plan" shall mean the Employee Retirement Plan and any portion of any plan that is a defined benefit plan, as defined in ERISA, maintained at any time by the Company or a Related Corporation that is intended at any time by the sponsor thereof to be a plan qualified under Section 401(a) of the Code.

(f) The term "Defined Contribution Plan" shall mean The Davey Tree 401KSOP and ESOP and any portion of any plan that is a defined contribution plan, as defined in ERISA, maintained at any time by the Company or a Related Corporation that is intended at any time by the sponsor thereof to be a plan qualified under Section 401(a) of the Code.

(g) The term "Employee Retirement Plan" shall mean The Davey Tree Expert Company Employee Retirement Plan as the same shall be in effect on the date of an Employee's retirement, death, or other termination of employment.

(h) The term "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(i) The term "Final Average Compensation" shall mean with respect to a Participant the average of his SERP Compensation for the highest three Plan Years, which need not be consecutive, out of the last five Plan Years preceding his Severance Date.

(j) The term "Non-Qualified Defined Benefit Plan" shall mean the Retirement Benefit Restoration Plan and the portion of any plan that is a defined benefit plan, as defined in ERISA, maintained at any time by the Company or a Related Corporation that is not intended at any time by the sponsor thereof to be a plan qualified under Section 401(a) of the Code. For purposes of this definition, whether an arrangement is a defined benefit plan as defined in ERISA shall be determined without regard to Section 3(36) of ERISA, Section 4 of ERISA, or any other provision of ERISA that provides a partial or total exclusion from coverage under or applicability of ERISA, without regard to whether the arrangement covers more than one employee, and without regard to whether the arrangement meets any formality requirements to be considered a plan.

(k) The term "Participant" shall mean any person employed by the Company who upon recommendation of the Company's chief executive officer is designated by the Compensation Committee of the Board of Directors of the Company to participate in this Plan.

(l) The term "Participant's Offset Defined Benefit Amount" shall mean the Actuarial Equivalent of any accrued benefits under any Defined Benefit Plan and/or any Non-Qualified Defined Benefit Plan that have been distributed or paid to, with respect to, or on behalf of the Participant or that are payable to, with respect to, or on behalf of the Participant determined without regard to any requirement that the Participant elect to receive such benefits.

(m) The term "Participant's Offset Defined Contribution Amount" shall mean the sum of: (1) the Actuarial Equivalent of his separate accounts under The Davey Tree 401KSOP and ESOP which reflect Employer Contributions made on his behalf for Plan Years beginning before January 1, 1997 (his "ESOP Account") determined as of the most recent valuation date for such amounts thereunder immediately preceding the date as of which the retirement or pre-retirement Spouse death benefit hereunder commences; (2) the Actuarial Equivalent of any portion of his ESOP Account distributed or paid to, with respect to, or on behalf of the Participant prior to the valuation date referred to in (1) above; (3) the Actuarial Equivalent of his account under The Davey Tree Expert Company Match Restoration Plan determined as of the valuation date immediately preceding the date as of which the retirement or pre-retirement Spouse death benefit hereunder commences; (4) the Actuarial Equivalent of any portion of his account under The Davey Tree Expert Company Match Restoration Plan distributed or paid to, with respect to, or on behalf of the Participant prior to the valuation date referred to in (3) above; (5) the Actuarial Equivalent of a notional account based on the Company's matching contributions under The Davey Tree 401KSOP and ESOP assuming the Participant made sufficient elective deferrals thereunder to receive the maximum amount of such matching contributions and earned 7% interest on such account; and (6) the Actuarial Equivalent of any accrued benefits under any other Defined Contribution Plan.

(n) The term "Participant's Social Security Offset Amount" shall mean fifty percent of the estimated annual Primary Insurance Amount payable to the Participant under the federal Social Security Act as in effect on his Severance Date; provided however, that in the event his Severance Date occurs prior to his attainment of age 62, his estimated annual Primary Insurance Amount shall be computed as of his Normal Retirement Date based on the provisions of the federal Social Security Act in effect when his Severance Date occurs and on the assumption that he will continue to receive the maximum amount of compensation which is treated as wages for purposes of the Social Security Act until he attains age 62; provided, further, that it shall in all events be assumed that his earnings from age 22 were equal to the maximum taxable wage base under the federal Social Security Act; and provided, further, that the amount otherwise determined hereunder shall be reduced by 2.5% for each year (determined to the nearest 1/12th) that the Participant's years of Benefit Service are less than twenty.

(o) The term "Plan" shall mean the supplemental executive retirement plan as set forth herein, together with all amendments hereto, which Plan shall be called "The Davey Tree Expert Company Supplemental Executive Retirement Plan."

(p) The term "Retirement Benefit Restoration Plan" shall mean The Davey Tree Expert Company Retirement Benefit Restoration Plan as the same shall be in effect on the date of an Employee's retirement, death, or other termination of employment.

(q) The term "SERP Compensation" for any Plan Year shall mean with respect to a Participant his Compensation as defined under the Employee Retirement Plan for such Plan Year disregarding, however, the limitations of Section 401(a)(17) of the Code.

(r) The term "Spouse" shall mean the person, if any, to whom the Participant is legally married on his Severance Date.

1.2 Additional Definitions. All other words and phrases used herein shall have the meanings given them in the Employee Retirement Plan, unless a different meaning is clearly required by the context.

ARTICLE II

SERP RETIREMENT AND SPOUSAL DEATH BENEFITS

2.1 Eligibility. A Participant who retires, dies, or otherwise terminates his employment with the Company under conditions (including attainment of fully vested status under the terms of the Employee Retirement Plan) which make such Participant eligible for a retirement benefit under the Employee Retirement Plan shall be eligible for a SERP retirement benefit determined in accordance with the provisions of Section 2.2. In the event a Participant dies while eligible for a retirement benefit under the Employee Retirement Plan but prior to commencement of a SERP retirement benefit hereunder, his surviving Spouse, if any, shall be eligible for a pre-retirement Spouse death benefit determined in accordance with the provisions of Section 2.4.

2.2 Amount of SERP Retirement Benefit. The amount of a Participant's annual SERP retirement benefit shall be equal to his Benefit Percentage multiplied by his Final Average Compensation, each determined as of his Severance Date, reduced by the sum of the following amounts determined as of his Normal Retirement Age:

- (a) the Participant's Offset Defined Benefit Amount;
- (b) the Participant's Offset Defined Contribution Amount; and
- (c) the Participant' Social Security Offset Amount.

2.3 Form and Timing of SERP Retirement Benefit. The form of payment of the SERP retirement benefit shall be a monthly amount equal to one-twelfth (1/12th) of the annual benefit amount. The terms of payment shall be identical to those specified in the Employee Retirement Plan for the type of benefit the Participant receives under the Employee Retirement Plan, including the time of commencement, factors for reduction in amount applicable upon commencement of benefits prior to Normal Retirement Age, and factors applicable upon election, whether automatic or not, of a form of payment other than monthly payments for life; provided, however, that the Participant may not select any individual other than his Spouse as a contingent annuitant. Notwithstanding the foregoing and the provisions of Section 2.5, if the Actuarial Equivalent single sum value of the SERP retirement benefit payable under the Plan to any Participant or his Spouse is \$25,000 or less, such SERP retirement benefit or pre-retirement Spouse death benefit shall be paid in a single sum payment in lieu of any other benefit under the Plan, as soon as administratively feasible after his retirement, death, or other termination of employment.

2.4 Amount of Pre-Retirement Spouse Death Benefit. The amount of monthly pre-retirement Spouse death benefit payable to the surviving Spouse, if any, of a Participant shall be equal to the amount of the monthly benefit the surviving Spouse would have received if the Participant had retired on the day before the date of his death and had the automatic joint and survivor form of payment under the Employee Retirement Plan been applicable to him, provided that if the Participant dies prior to attaining age 55 and completing five years of Vesting Service, the amount of the monthly benefit shall be equal to the amount of the monthly benefit his surviving Spouse would have received if the Participant had terminated employment on his date of death but had survived to the date he attained the earliest age at which he could begin receive a monthly retirement benefit under the Employee Retirement Plan, had retired on such date, and had the automatic form of payment under the Employee Retirement Plan been applicable to him, based on his Benefit Service and the benefit structure and levels in effect on the date of his death.

2.5 Form and Timing of Pre-Retirement Spouse Death Benefit. The pre-retirement Spouse death benefit shall commence with the latest of the month following the Participant's death, the month in which the Participant would have attained his earliest retirement age, or the month in which a survivor benefit payable to the Spouse under the Employee Retirement Plan commences (in which event the monthly benefit amount shall be further adjusted in the same manner as the survivor benefit under the Employee Retirement Plan to reflect such deferral). Monthly benefit payments shall continue for the life of the Spouse, with the last payment being for the month in which the death of the Spouse occurs.

ARTICLE III

ADMINISTRATION

The Plan is a plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. Accordingly, the Plan shall be construed and administered in the manner appropriate to maintain the Plan's status as such under ERISA. To the extent that ERISA applies to the Plan, the Company shall be the "named fiduciary" of the Plan and the "plan administrator" of the Plan. The Company shall be responsible for the general administration of the Plan, for carrying out the provisions hereof, and for making any required benefit payments under the Plan. The Company shall have all such powers as may be necessary or appropriate to carry out the provisions of the Plan, including the power to determine all questions relating to eligibility for and the amount of any benefit hereunder and all questions pertaining to claims for benefits and procedures for claim review; to resolve all other questions arising under the Plan, including any questions of construction; and to take such further action as the Company shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Company hereunder shall be final and binding upon all interested parties.

ARTICLE IV

AMENDMENT AND TERMINATION

The Company reserves the right in its sole and absolute discretion to amend or terminate the Plan at any time by action of its Board of Directors; provided, however, that no such action shall adversely affect any Employee or his Spouse who is then receiving benefit payments under the Plan, unless an equivalent benefit is provided under the Employee Retirement Plan or another plan sponsored by the Company.

ARTICLE V

MISCELLANEOUS

5.1 Non-Alienation of Retirement Rights or Benefits. No Participant or Spouse shall encumber or dispose of his right to receive any payments hereunder, which payments or the right thereto are expressly declared to be nonassignable and nontransferable. If a Participant or his Spouse attempts to assign, transfer, alienate or encumber his right to receive any payment hereunder or permits the same to be subject to alienation, garnishment, attachment, execution, or levy of any kind, then thereafter during the life of such Participant or his Spouse, and also during any period in which any Participant or his Spouse is incapable in the judgment of the Company of attending to his financial affairs, any payments which the Company is required to make hereunder may be made, in the discretion of the Company, directly to such Participant or his Spouse or to any other person for his use or benefit or that of his dependents, if any, including any person furnishing goods or services to or for his use or benefit or the use or benefit of his dependents, if any. Each such payment may be made without the intervention of a guardian, the receipt of the payee shall constitute a complete acquittance to the Company with respect thereto, and the Company shall have no responsibility for the proper allocation thereof.

5.2 Plan Non-Contractual. Nothing herein contained shall be construed as a commitment or agreement on the part of any person employed by the Company to continue his employment with the Company, and nothing herein contained shall be construed as a commitment on the part of the Company to continue the employment or the annual rate of compensation of any such person for any period, and all Participants shall remain subject to discharge to the same extent as if the Plan had never been put into effect.

5.3 Interest of Employee. All payments under the Plan to an eligible Participant or his Spouse shall be made by the Company solely from its general assets. The obligation of the Company under the Plan to provide a Participant or his Spouse with a benefit under the Plan merely constitutes the unfunded, unsecured promise of the Company to make payments as provided herein, and no person shall have any interest in, or a lien or prior claim upon, any property of the Company with respect to such benefits greater than that of a general creditor of the Company.

5.4 Claims of Other Persons. The provisions of the Plan shall in no event be construed as giving any person, firm or corporation any legal or equitable right as against the Company, its officers, employees, or directors, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

5.5 No Competition. The right of any Participant or his Spouse to a benefit under the Plan will be terminated, or, if payment thereof has begun, all further payments will be discontinued and forfeited in the event the Participant at any time subsequent to the effective date hereof (i) wrongfully discloses any secret process or trade secret of the Company or any of its subsidiaries, or (ii) engages, either directly or indirectly, as an officer, trustee, employee, consultant, partner, or substantial shareholder, on his own account or in any other capacity, in a business venture that within the two-year period following his retirement or termination of employment, the Company's Board of Directors reasonably determines to be competitive with the Company to a degree materially contrary to the Company's best interest.

5.6 Severability. The invalidity or unenforceability of any particular provision of the Plan shall not effect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

5.7 Governing Law. The provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

* * *

EXECUTED this 19th day of May, 2004.

THE DAVEY TREE EXPERT COMPANY

By: David E. Adante
Title: Executive Vice President, CFO and
Secretary

**THE DAVEY TREE EXPERT COMPANY
RETIREMENT BENEFIT RESTORATION PLAN**

The Davey Tree Expert Company hereby establishes, effective as of January 1, 2003, The Davey Tree Expert Company Retirement Benefit Restoration Plan for the purpose of supplementing the retirement benefits of certain employees who are eligible to participate in accordance with the terms hereof, including as permitted by Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE I

DEFINITIONS

1.1 Definitions. For the purposes hereof, the following words and phrases shall have the meanings indicated, unless a different meaning is plainly required by the context:

(a) The term "Actuarial Equivalent" shall mean a benefit of equivalent actuarial value determined on the basis of the UP-84 Mortality Table and interest at 7% per annum.

(b) The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) The term "Company" shall mean The Davey Tree Expert Company, an Ohio corporation, its corporate successors and the surviving corporation resulting from any merger of The Davey Tree Expert Company with any other corporation or corporations.

(d) The term "Employee" shall mean any person employed by the Company who is a Participant in the Employee Retirement Plan and who is designated by the Compensation Committee of the Board of Directors of the Company as eligible to participate in this Plan.

(e) The term "Employee Retirement Plan" shall mean The Davey Tree Expert Company Employee Retirement Plan as the same shall be in effect on the date of an Employee's retirement, death, or other termination of employment.

(f) The term "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(g) The term "Plan" shall mean the excess defined benefit plan as set forth herein, together with all amendments hereto, which Plan shall be called "The Davey Tree Expert Company Retirement Benefit Restoration Plan."

(h) The term "Spouse" shall mean the person, if any, to whom the Participant is legally married on his Severance Date.

1.2 Additional Definitions. All other words and phrases used herein shall have the meanings given them in the Employee Retirement Plan, unless a different meaning is clearly required by the context.

ARTICLE II

EXCESS RETIREMENT BENEFIT

2.1 Eligibility. An Employee who retires, dies, or otherwise terminates his employment with the Company under conditions (including attainment of fully vested status under the terms of the Employee Retirement Plan) which make such Employee or his Spouse eligible for a benefit under the Employee Retirement Plan, and whose benefit under the Employee Retirement Plan is limited by Section 401(a)(17) and/or Section 415 of the Code, shall be eligible for a retirement restoration benefit determined in accordance with the provisions of Section 2.2.

2.2 Amount. Subject to the provisions of Article III, the monthly retirement restoration benefit payable to an eligible Employee or his Spouse shall be such an amount which, when added to the monthly retirement benefit payable (before any reduction applicable to an optional method of payment) to such Employee or his Spouse, as the case may be, under the Employee Retirement Plan, equals the monthly retirement benefit that would have been payable (before any reduction applicable to an optional method of payment) under the Employee Retirement Plan to the eligible Employee or his Spouse if the limitations of Section 401(a)(17) and Section 415 of the Code were not in effect.

2.3 Payments. All payments under the Plan to an eligible Employee or his Spouse shall be made by the Company solely from its general assets. The terms of payment of the retirement restoration benefit shall be identical to those specified in the Employee Retirement Plan for the type of benefit the Employee or his Spouse receives under the Employee Retirement Plan. Notwithstanding the foregoing and the provisions of Article III, if the Actuarial Equivalent single sum value of the retirement restoration benefit payable under the Plan to any eligible Employee or his Spouse is \$25,000 or less, such retirement restoration benefit shall be paid in a single sum payment in lieu of any other benefit under the Plan, as soon as administratively feasible after his retirement, death, or other termination of employment.

ARTICLE III

OPTIONAL METHODS OF PAYMENT

If an optional method of payment, whether automatic or selected by the Employee, is applicable to the benefit payable to the eligible Employee or his Spouse under the Employee Retirement Plan, then payment of the retirement restoration benefit under the Plan shall be made in accordance with the terms and provisions applicable to such option; provided, however, that an Employee may not select a contingent annuitant other than his Spouse. The amount of any retirement restoration benefit payable to an eligible Employee or his Spouse shall be reduced to reflect any such optional method of payment. In making the determination and reductions provided for in this Article III, the Company may rely upon calculations made by the independent actuaries for the Employee Retirement Plan, who shall apply the assumptions then in use in connection with the Employee Retirement Plan.

ARTICLE IV

ADMINISTRATION

The Plan consists in part of an "excess benefit plan," as defined in ERISA, and is also a plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. Accordingly, the Plan shall be construed and administered in the manner appropriate to maintain the Plan's status as such under ERISA. To the extent that ERISA applies to the Plan, the Company shall be the "named fiduciary" of the Plan and the "plan administrator" of the Plan. The Company shall be responsible for the general administration of the Plan, for carrying out the provisions hereof, and for making any required benefit payments under the Plan. The Company shall have all such powers as may be necessary or appropriate to carry out the provisions of the Plan, including the power to determine all questions relating to eligibility for and the amount of any benefit hereunder and all questions pertaining to claims for benefits and procedures for claim review; to resolve all other questions arising under the Plan, including any questions of construction; and to take such further action as the Company shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Company hereunder shall be final and binding upon all interested parties.

ARTICLE V

AMENDMENT AND TERMINATION

The Company reserves the right in its sole and absolute discretion to amend or terminate the Plan at any time by action of its Board of Directors; provided, however, that no such action shall adversely affect any Employee or his Spouse who is then receiving retirement restoration benefit payments under the Plan, unless an equivalent benefit is provided under the Employee Retirement Plan or another plan sponsored by the Company.

ARTICLE VI

MISCELLANEOUS

6.1 **Non-Alienation of Retirement Rights or Benefits.** No Employee or Spouse shall encumber or dispose of his right to receive any payments hereunder, which payments or the right thereto are expressly declared to be nonassignable and nontransferable. If an Employee or his Spouse attempts to assign, transfer, alienate or encumber his right to receive any payment hereunder or permits the same to be subject to alienation, garnishment, attachment, execution, or levy of any kind, then thereafter during the life of such Employee or his Spouse, and also during any period in which any Employee or his Spouse is incapable in the judgment of the Company of attending to his financial affairs, any payments which the Company is required to make hereunder may be made, in the discretion of the Company, directly to such Employee or his Spouse or to any other person for his use or benefit or that of his dependents, if any, including any person furnishing goods or services to or for his use or benefit or the use or benefit of his dependents, if any. Each such payment may be made without the intervention of a guardian, the receipt of the payee shall constitute a complete acquittance to the Company with respect thereto, and the Company shall have no responsibility for the proper allocation thereof.

6.2 Plan Non-Contractual. Nothing herein contained shall be construed as a commitment or agreement on the part of any person employed by the Company to continue his employment with the Company, and nothing herein contained shall be construed as a commitment on the part of the Company to continue the employment or the annual rate of compensation of any such person for any period, and all Employees shall remain subject to discharge to the same extent as if the Plan had never been put into effect.

6.3 Interest of Employee. The obligation of the Company under the Plan to provide an Employee or his Spouse with a retirement restoration benefit merely constitutes the unfunded, unsecured promise of the Company to make payments as provided herein, and no person shall have any interest in, or a lien or prior claim upon, any property of the Company with respect to such benefits greater than that of a general creditor of the Company.

6.4 Claims of Other Persons. The provisions of the Plan shall in no event be construed as giving any person, firm or corporation any legal or equitable right as against the Company, its officers, employees, or directors, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

6.5 No Competition. The right of any Employee or his Spouse to a retirement restoration benefit will be terminated, or, if payment thereof has begun, all further payments will be discontinued and forfeited in the event the Employee at any time subsequent to the effective date hereof (i) wrongfully discloses any secret process or trade secret of the Company or any of its subsidiaries, or (ii) engages, either directly or indirectly, as an officer, trustee, employee, consultant, partner, or substantial shareholder, on his own account or in any other capacity, in a business venture that within the two-year period following his retirement or termination of employment, the Company's Board of Directors reasonably determines to be competitive with the Company to a degree materially contrary to the Company's best interest.

6.6 Severability. The invalidity or unenforceability of any particular provision of the Plan shall not effect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

6.7 Governing Law. The provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

* * *

EXECUTED this 19th day of May, 2004.

THE DAVEY TREE EXPERT COMPANY

By: David E. Adante
Title: Executive Vice President, CFO and
Secretary

Certifications

Certification of Chief Executive Officer

I, R. Douglas Cowan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 11, 2004

/s/ R. Douglas Cowan
R. Douglas Cowan
Chairman and Chief Executive Officer

Certification of Chief Financial Officer

I, David E. Adante, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 11, 2004

/s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer and
Secretary

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Chief Executive Officer

I, R. Douglas Cowan, Chairman and Chief Executive Officer of The Davey Tree Expert Company (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1.) The Quarterly Report on Form 10-Q of the Company for the period ended July 3, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2004

/s/ R. Douglas Cowan
R. Douglas Cowan
Chairman and Chief Executive Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer

I, David E. Adante, Executive Vice President, Chief Financial Officer and Secretary of The Davey Tree Expert Company (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1.) The Quarterly Report on Form 10-Q of the Company for the period ended July 3, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2004

/s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer and
Secretary